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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

CALIFORNIA INSURANCE GUARANTEE ASSOCIATION, ) No. C 03-01451 SC  
(Consolidated with C 03-2120 SC)  
Plaintiff, )  
v. ) STIPULATION AND [PROPOSED]-  
UNITED STATES OF AMERICA, ) ORDER APPROVING COMPROMISE  
Defendant. ) SETTLEMENT OF CASE C 03-01451

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IT IS HEREBY STIPULATED by and between Plaintiff California Insurance Guarantee Association ("CIGA" or "Plaintiff") and Defendant United States of America, as follows:

STIPULATION AND [PROPOSED] ORDER APPROVING COMPROMISE SETTLEMENT  
C 03-01451 SC

1       1. The parties do hereby agree to settle and compromise California Insurance  
2 Guaranty Association v. United States, Northern District of California case number C 03-01451  
3 SC, under the terms and conditions set forth herein.

4       2. Defendant United States of America agrees to pay to Plaintiff CIGA the sum of  
5 five thousand dollars and no cents (\$5,000.00), which sum shall be in full settlement and  
6 satisfaction of any and all claims, demands, rights, economic losses, and causes of action of  
7 whatsoever kind and nature, arising from and by reason of any and all known and unknown,  
8 foreseen and unforeseen bodily and personal injuries resulting, and to result, from the same  
9 subject matter that gave rise to California Insurance Guaranty Association v. United States,  
10 Northern District of California case number C 03-01451 SC and Shenia Chavers v. United  
11 States, Northern District of California case number C 03-02120 SC, for which Plaintiff CIGA or  
12 its successors or assigns, and each of them, now have or may hereafter acquire against the United  
13 States of America, its agencies, agents, servants, and employees.

14       3. Plaintiff CIGA and its successors and assigns hereby agree to accept the sum  
15 listed in paragraph 2 in full settlement and satisfaction of any and all economic losses, claims,  
16 demands, rights, and causes of action of whatsoever kind and nature, arising from, and by reason  
17 of any and all known and unknown, foreseen and unforeseen, bodily and personal injuries and the  
18 consequences thereof which they may have or hereafter acquire against the United States of  
19 America, its agencies, agents, servants and employees on account of the same subject matter that  
20 gave rise to California Insurance Guaranty Association v. United States, Northern District of  
21 California case number C 03-01451 SC and Shenia Chavers v. United States, Northern District  
22 of California case number C 03-02120 SC.

23       4. This stipulation for compromise settlement shall not constitute an admission of  
24 liability or fault on the part of the United States, its agencies, agents, servants, or employees, and  
25 is entered into by the parties for the purpose of compromising disputed claims and avoiding the  
26 expenses and risks of litigation.

27       5. This Agreement may be pled as a full and complete defense to any subsequent  
28 STIPULATION AND [PROPOSED] ORDER APPROVING COMPROMISE SETTLEMENT  
C 03-01451 SC

1 action or other proceeding involving any person or party which arises out of the claims released  
2 and discharged by the Agreement.

3       6. It is also understood by and among the parties that, pursuant to Title 28, United  
4 States Code, Section 2678, attorneys' fees for services rendered in connection with this action  
5 shall not exceed 25 percent of the amount of the compromise settlement.

6       7. Payment of the settlement amount to Plaintiff CIGA will be made by a check  
7 drawn on the Grant Northern Insurance Company for five thousand dollars and no cents  
8 (\$5,000.00) and made payable to California Insurance Guarantee Association.

9       8. In consideration of this Agreement and the payment of the foregoing amounts  
10 thereunder, Plaintiff CIGA agrees that upon notification that the settlement check is ready for  
11 delivery, it will deliver to Defendant's counsel a fully executed Notice of Dismissal with  
12 prejudice of California Insurance Guaranty Association v. United States, Northern District of  
13 California case number C 03-01451 SC. Upon delivery of the Notice of Dismissal, Defendant's  
14 counsel will release the settlement check to Plaintiff's counsel or its agents.

15      9. Plaintiff CIGA has been informed that payment will be made within sixty days of  
16 full execution of the settlement agreement and the delivery of a completed Form W-9 (Request  
17 for Taxpayer Identification Number and Certification).

18      10. The parties agree that should any dispute arise with respect to the implementation  
19 of the terms of this Agreement, Plaintiff shall not seek to rescind the Agreement and pursue its  
20 original causes of action. Plaintiff's sole remedy in such a dispute is an action to enforce the  
21 Agreement in district court. The parties agree that the district court will retain jurisdiction over  
22 this matter for the purposes of resolving any dispute alleging a breach of this Agreement.

23      11. The settlement of this district court case does not affect CIGA's rights against  
24 Shenia Chavers in California State workers compensation proceedings. CIGA reserves its right  
25 to assert a credit against Shenia Chavers in California State workers compensation proceedings  
26 for any recovery that Shenia Chavers receives in the companion case Shenia Chavers v. United  
27 States, Northern District of California Case Number C 03-2120 SC, pursuant to California Labor

28 STIPULATION AND [PROPOSED] ORDER APPROVING COMPROMISE SETTLEMENT  
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1      Code Section 3850 et seq.

2      12. Plaintiff hereby releases and forever discharges the United States and any and all  
3      of its past and present officials, employees, agencies, agents, attorneys, their successors and  
4      assigns, from any and all obligations, damages, liabilities, actions, causes of action, claims and  
5      demands of any kind and nature whatsoever, whether suspected or unsuspected, at law or in  
6      equity, known or unknown, arising out of the allegations set forth in the pleadings in California  
7      Insurance Guaranty Association v. United States, Northern District of California case number  
8      C 03-01451 SC and Shenia Chavers v. United States, Northern District of California case  
9      number C 03-02120 SC.

10     13. The provisions of California Civil Code Section 1542 are set forth below:

11     "A general release does not extend to claims which the creditor does not know or  
12     suspect to exist in his favor at the time of executing the release, which if known  
13     by him must have materially affected his settlement with the debtor."

14     Plaintiff CIGA, having been apprised of the statutory language of Civil Code Section 1542 by its  
15     attorneys, and fully understanding the same, nevertheless elects to waive the benefits of any and  
16     all rights it may have pursuant to the provision of that statute and any similar provision of federal  
17     law. Plaintiff CIGA understands that, if the facts concerning Plaintiff CIGA's damages or Shenia  
18     Chavers' injuries and the liability of the government for damages pertaining thereto are found  
19     hereinafter to be other than or different from the facts now believed by them to be true, the  
20     Agreement shall be and remain effective notwithstanding such material difference.

21     14. This instrument shall constitute the entire Agreement between the parties, and it is  
22     expressly understood and agreed that the Agreement has been freely and voluntarily entered into  
23     by the parties with the advice of counsel, who have explained the legal effect of this Agreement.  
24     The parties further acknowledge that no warranties or representations have been  
25     made on any subject other than as set forth in this Agreement. This Agreement may not be

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28     STIPULATION AND [PROPOSED] ORDER APPROVING COMPROMISE SETTLEMENT  
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1 altered, modified or otherwise changed in any respect except by writing, duly executed by all of  
2 the parties or their authorized representatives.

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HANNA BROPHY, ET AL.

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Dated: August 3, 2005  
BRETT GILSTRAP

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Attorneys for Plaintiff California Insurance  
7 Guarantee Association

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Dated: August 3, 2005

KEVIN V. RYAN

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United States Attorney

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CHINHAYI J. COLEMAN

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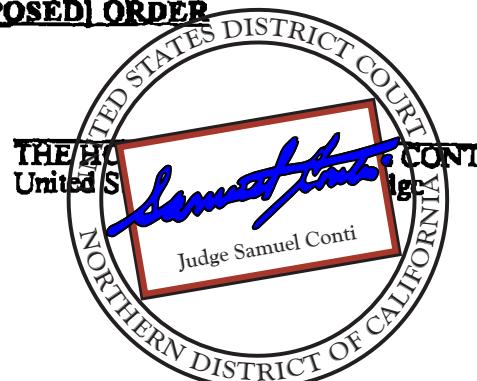
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[PROPOSED] ORDER

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APPROVED AND SO ORDERED.

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Dated: 8/3/05

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STIPULATION AND [PROPOSED] ORDER APPROVING COMPROMISE SETTLEMENT  
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